

ESS 601

DAIRY COOPERATIVE MEMBERSHIP  
IN THE EASTERN OHIO - WESTERN  
PENNSYLVANIA FEDERAL ORDER MILK MARKET

John Parker, Area Supervisor - Canfield  
Robert Jacobson, Extension Economist

July, 1981

Dairy Cooperative Membership In the Eastern Ohio-  
Western Pennsylvania Federal Order Milk Market

The Eastern Ohio-Western Pennsylvania fluid milk market, designated as Federal Order No. 36, ranks seventh in size, as measured by number of pounds of milk pooled, among the 47 Federal order milk markets in the United States. In 1980, almost 3.4 billion pounds of milk was marketed by farmers selling to plants in Federal Order No. 36. Class I utilization averaged 58.6 percent for the year.

As of mid-1981, there were 6,197 producers marketing Grade A milk to 47 plants regulated in the market. Approximately 45 percent of the dairy farmers are located in Eastern Ohio, another 45 percent in Western Pennsylvania, and the remaining 10 percent operate in Maryland, New York, and West Virginia. The average size of dairy farms in the market is relatively small. In 1980, the average daily shipment per dairy farm was 1,447 pounds of milk, as compared to the average of 1,953 pounds average size across all 47 Federal order markets.

Dairy farmers in fluid milk markets generally have concluded that it is advantageous to market their product through a dairy cooperative. Approximately 85 percent of the 117,000 dairy farmers in all 47 Federal order markets nationally have chosen to join a dairy cooperative and have it serve as their marketing agent. But this has not been the case in Federal Order No. 36. The proportion of independent (non-member) producers in the Eastern

Ohio-Western Pennsylvania market has always been sizeable, and in recent years the trend away from cooperative membership has been increasing.

At the present time, approximately one-half of the 6,197 producers in the Order 36 market are members of Milk Marketing, Inc., a regional dairy marketing cooperative. Another 13 percent of the producers are members of one of six other dairy cooperatives qualified in the market. And the remainder, 37 percent of the producers, have chosen to market their milk on an individual or independent basis. Moreover, the proportion of producers belonging to a dairy cooperative has declined from 75 percent in 1968 to 63 percent at the present time.

The milkshed area in the Northeast Ohio and Western Pennsylvania locations has observed a fairly extended history of independent actions by dairy farmers. In part, this can be attributed to the active nurturing of non-membership by some milk processors. In addition, the inability of dairy cooperatives to consistently measure up to the expectations of all dairy farmers at various times has been an important factor in the choice for non-membership.

As the trend away from dairy cooperative membership became more apparent in the late 1970's, concern was expressed by various dairy spokesmen about the implications of non-membership to the market as a whole. The major dairy cooperative, Milk Marketing, Inc., and the Ohio Farm Bureau Federation asked the

Ohio Cooperative Extension Service to participate with them in an effort to help dairy farmers gain a more complete view of the costs and benefits of membership in a dairy cooperative. In addition, the cooperative and the Farm Bureau had a specific interest in organizing a membership campaign. Initial meetings of Farm Bureau, MMI and Extension personnel were held, starting in September of 1979, to discuss the milk marketing cooperative non-member situation in the Federal Order area. A recommendation was made to develop a pilot membership campaign in three counties. Ten Dairymen, from each of the three counties being considered, were asked to become involved in a final decision and the "mechanics" of a campaign.

The three selected Ohio counties included Wayne, Stark, and Columbiana (See Figure 1).



Figure 1.

Pilot Counties  
For Dairy  
Cooperative  
Membership  
Program

These are major milk producing counties in the market. Wayne County is the largest milk producing county in Ohio with 515 Grade A dairy farms, 40 percent of which are in the independent producer category. Columbiana County has 224 Grade A dairy farms (34 percent independents), and Stark County has 261 Grade A dairy farms (also 34 percent independents).

A decision was made to conduct a membership campaign during the weeks of March 9 and 13, 1981. The initial task force of dairymen from each county was expanded to about 15. Educational meetings for these dairymen were held, details arranged and the campaign conducted.

#### Project Evaluation and Summary

The Cooperative Extension Service was asked to evaluate and summarize the pilot membership program. Information and experience from the project is needed to provide direction to the organizations involved and will be useful in determining future milk marketing programs.

An evaluation form was completed at the Recognition Program for Task Force Members. A copy of the form is included with this report. Specific questions were asked to get Task Force Member reactions to the project and their recommendations for future programs.

A statistical summary of responses indicates the following:

Goal: To contact 80% of the non-members in Columbiana, Stark, and Wayne Counties.

1. Task force members making contacts:	49
2. Total contacts made:	386
3. Average number of contacts made:	7.9
4. <del>Additional contacts requested:</del>	189
5. New members signed up during campaign:	10
6. New members signed up in three months following campaign:	8
7. Total new members resulting from campaign:	18

Several observations can be made from these data. Forty-nine dairy farmer Task Force members made contacts of varying numbers. While the goal was to contact 80 percent of the non-members, the Task Force actually contacted 100 percent. Ten new members were signed up during the campaign, but 189 non-members asked for additional visits and information. As a result of and since the campaign, eight more new members signed up in the three counties (up to June 20, 1981).

This "spin-off" from the original membership drive may continue for several months. If dairy farmers had more time or were given more encouragement, even more new members might sign up.

Other observations can be made from the number of requests for follow-up contacts and information. Task Force members were apparently successful in talking with their neighbors, in getting their interest, and in discussing the benefits of milk marketing cooperative membership. Other information in this report further

supports the idea that dairy farmers can successfully recruit cooperative membership.

MMI Fieldmen and other personnel worked closely with the dairy farmers during the membership drive. They provided information, encouragement, and assisted with some contacts. Their roles in making follow-up contacts with those requesting information will be important.

#### Summary of Responses to Questions

(Note: Twenty-seven dairy farmers, five MMI fieldmen, and five Extension personnel and others completed the form).

1. Were you provided with enough help and information to feel at ease in making non-member contacts and handling their questions?

All 37 respondents said "yes" and said additional information is needed:

- a. On ways to approach and talk to non-members.
- b. About milk marketing and pooling.
- c. About MMI and co-ops in general.
- d. About federal orders.

2. Would you help with a membership campaign next year?

- a. Of the 27 dairy farmer respondents, 20 said yes, one said no and 6 "not sure."
- b. All 5 MMI Fieldmen would help.
- c. Of the "others" responding, all 5 said yes.

3. Suggestions for improving another membership campaign:

- a. Would like a longer time period for the membership campaign.
- b. Have some role playing, with member-non-member situations, to demonstrate approaches.

- c. Don't publicize ahead of time - opposition worked just ahead of us.
  - d. Start earlier in the winter.
4. What was most successful about the membership campaign?
- a. Dairy farmers received a much better reception from their non-member neighbors than they expected.
  - b. Non-members wanted to learn more about MMI and would **listen to other farmers**.
  - c. More members and non-members became better acquainted with MMI.
  - d. "Neighbor contacts" were successful.
5. What was the primary reason producers gave for not joining the cooperative?
- a. MMI dues were too high was the most important reason.
  - b. Satisfied "as is" (apathy).
  - c. Hauler loyalty.
  - d. Quality bonus with present handler.
- Other miscellaneous reasons included: poor co-op experience earlier; unhappy with fieldmen; religion; don't like "union" idea.
6. Other comments or suggestions:
- a. Worthwhile program - education and contacts were beneficial.
  - b. Need more education for non-members.
  - c. Extension information helpful. Farm Bureau Council discussion alerted non-members, which helped Task Force members.
  - d. Sending magazine out before campaign helpful.
  - e. Need more education for non-member haulers.

### Conclusions

Task Force members, fieldmen and others involved in the overall effort believe the program was successful for these reasons:



1. Non-members were receptive and willing to learn about MMI. Task Force members were surprised by the good reception from non-members.
2. At least 18 new members were signed up. About one-half of the non-members contacted requested some kind of follow-up.
3. "Neighbor contacts" (made by dairy farmers) is an excellent approach. Non-members will listen to their neighbors. (dairy farmers making contacts were those with high "credibility" among neighbors).
4. Non-members need more information about MMI.
5. Task Force members themselves learned much more about milk marketing and cooperatives.

#### Recommendations

1. The basic approach used in this pilot milk marketing task force program (with some minor refinements) should be adopted in other counties in the Federal Order 36 area. This approach should include:
  - a. Overall aggressive leadership by MMI with support and assistance provided by Ohio Farm Bureau and through the educational role of the Cooperative Extension Service.
  - b. Careful selection of 10 to 15 dairy farmer members of a Task Force in each county conducting a membership campaign. These should be dairy farmers with a high "credibility" rating among their neighbors, with leadership abilities, and with enthusiasm for and willingness to work with their cooperative.
  - c. Involvement of County Task Force members, MMI Fieldmen, Farm Bureau Organization Directors and County Agents in planning the details of membership campaigns.
  - d. Intensive education of Task Force members, prior to a membership campaign, with emphasis on:
    - a) MMI structure, financing, dues, costs, and operations.
    - b) Benefits of MMI membership.
    - c) Overall milk marketing, pricing, pooling.
    - d) Ways to approach non-members.
    - e) Federal order operations.
    - f) Specific questions of Task Force members.

- e. An expanded public relations and publicity program by MMI.
  - f. Organization of a membership drive with details well-organized in advance, including a designated time period for contacts.
  - g. Recognition for Task Force members and Fieldmen involved.
  - h. Arrangements for prompt and adequate follow-up to contacts made by Task Force members.
- 2. An expanded program of member relations throughout MMI territory will assist the ~~non-member~~ efforts.
  - 3. Use of established membership campaign procedures from the Ohio Farm Bureau will aid MMI campaigns. Special Farm Bureau Council Discussion Guides could be used prior to campaigns.
  - 4. The Cooperative Extension Service should expand programs of milk marketing education, with special emphasis in the Federal Order 36 counties.
  - 5. Contacts should be made with Farm Organizations and Extension personnel in Western Pennsylvania and New York to organize efforts in those states.
  - 6. MMI should develop a program for re-educating fieldmen and providing incentives for membership sign up. Consideration should be given to employing some fieldmen with the specific assignment of non-member contact and sign up.

#### Comments

Much credit should be given to each dairy farmer who voluntarily gave time, effort and expense to this pilot program. They demonstrated their willingness to be involved in and actively support their cooperative.

Appreciation should also be expressed to personnel in Milk Marketing, Inc., the Ohio Farm Bureau Federation, and the Cooperative Extension Service who provided leadership, time and extra effort for the program. Cooperation among the three organizations was readily evident and clearly demonstrated.

APPENDIX I. EVALUATION OF PILOT PROGRAM OF MILK MARKETING TASK FORCE

1. How many non-member contacts were you able to make? \_\_\_\_\_
2. How many non-members signed up (to date) as a result of your contacts? \_\_\_\_\_
3. How many additional non-members may sign up in the next six months? \_\_\_\_\_
4. Are additional contacts needed with non-members in your county? \_\_\_\_\_ If additional contacts are needed, who should make them? \_\_\_\_\_
5. Were you provided with enough help and information to feel at ease in making non-member contacts and handling their questions?  
Yes \_\_\_\_\_ No \_\_\_\_\_

If more assistance was needed, what kinds? (check those most needed)

\_\_\_\_\_ more information about cooperatives in general

\_\_\_\_\_ more about MMI and its benefits

\_\_\_\_\_ more about milk marketing and pooling

\_\_\_\_\_ more about the federal order

\_\_\_\_\_ more on ways to approach and talk to non-members

\_\_\_\_\_ other (list your ideas) \_\_\_\_\_

6. Would you help with a MMI membership campaign next year? Yes \_\_\_\_\_  
No \_\_\_\_\_ Not sure \_\_\_\_\_
7. What are your suggestions for improving another membership campaign? \_\_\_\_\_
8. What do you think was most successful about this membership campaign? \_\_\_\_\_
9. What was the primary reason producers gave to you for not joining the cooperative? \_\_\_\_\_
10. Are you a dairy farmer \_\_\_\_\_ MMI Fieldman \_\_\_\_\_ Other \_\_\_\_\_?
11. Other comments, ideas or suggestions: \_\_\_\_\_  
\_\_\_\_\_

APPENDIX II

The Ohio Farm Bureau Federation was an active participant in the pilot membership program. As a part of getting their staff and membership prepared for the program, the OFBF provided their local Councils with information on the dairy cooperative issue in the month prior to the membership campaign. The information went to 54 councils in 7 counties (the 3 target counties and 4 neighboring counties). A local council consists of 6 to 10 couples who may or may not be involved in dairy farming. The Farm Bureau members reflected the following views after discussing the Council Guides.

SUMMARY OF SPECIAL FEB. 19, 1981 FARM BUREAU COUNCIL GUIDE  
RESPONSES TO TOPIC

"DAIRY COOP MEMBERSHIP - WHAT DOES IT MEAN?"

I. Responses:

<u>County</u>	<u>Number Councils Responding</u>
Wayne	18
Stark	11
Ashtabula	7
Holmes	5
Ashland	5
Columbiana	5
Tuscarawas	3
Total	<u>54</u>

II. Question "Do you agree that, because of the dairy co-op's lack of bargaining power, dairy farmers in your part of the state are receiving less money for their milk than they should be?"

Yes - 31

No - 15

Maybe - 2

73% of the Wayne County and 80% of Stark County Councils said yes to this question. Other counties were more equally divided with two of them essentially saying no.

Reasons given for or against the questions can be summarized as follows:

1. More members, greater bargaining power - 16 councils made various comments relating to this.
2. Already getting as much as possible, prices are too high now - 5.
3. Many individual reasons - better P.R., hauling, handling surplus, competition needed for co-ops, have federal order and don't need co-op, co-ops have a monopoly.

III. Question "Besides price, what are some of the advantages/benefits of dairy co-op membership?"

1. Guaranteed market - 28 comments
2. Guaranteed payment - 16 comments
3. Insurance - 10 comments

4. Bargaining power - 11 comments
5. Supplies at lower cost - 6 comments
6. Field services (quality assistance) - 5 comments

Other minor responses said: selling surplus milk, testing, advertising, information and "more."

IV. Question "List some things you feel can be done to help increase dairy co-op membership in Northeast Ohio."

Responses in order of importance:

1. More education related to prices, marketing, cooperative functions - 11 comments
2. More personal contacts (membership campaign) - 9 comments
3. Better public relations (magazine to non-members, literature, newsletter) - 7 comments
4. Keep present members better informed - 5 comments
5. Encourage certain religious groups to join - 3 comments

Other ideas included: change handler attitudes, lower membership dues, better fieldmen, don't haul non-member milk, join the federal order, more benefits, higher prices, and "nothing."

V. Question "If successful, do you think projects such as the one described in the Guide should be implemented in other counties?"

Thirty-one councils said yes, while 7 said no. Primary reasons given for continuing were:

1. If the campaign is successful in one area, it can be in others.
2. There is greater strength in more numbers (of members).
3. Some need to keep dairymen better informed and more involved.

Several individual councils made comments against continuing, including: Farm Bureau and Extension should not be involved, no need, no interest, free country-free choice, MMI should handle their own problems.

VI. Conclusions and Recommendations

1. An expanded program of milk marketing education is needed, with emphasis on pricing, pooling, superpooling.
2. An expanded program of both member and non-member information relating to functions, role and accomplishment of MMI is needed.
3. Bargaining power or ability is not viewed as one of the major advantages of cooperative membership. Some effort should be made to change this image.
4. There is interest in Milk Marketing Cooperative Membership Campaigns and dairymen are willing to be involved and support such programs.